

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF ARKANSAS  
FORT SMITH DIVISION

US DISTRICT COURT  
WESTERN DIST ARKANSAS  
FILED

MAY 01 2014

CHRIS R. JOHNSON, Clerk  
By

Deputy Clerk

ADAM PIAQUADIO,

Plaintiff,

vs.

AMERICAN LEGAL FUNDING, L.L.C.;  
ALFUND, AZ1, L.L.C.;  
AMERICAN LEGAL FUND MANAGEMENT  
AZ, L.L.C.  
C. JEFFREY HUFF;  
ALANEX LLC;  
JOHN DOES 1-50

Defendants

Case No.:

14-2108

COMPLAINT TO PIERCE THE CORPORATE  
VEIL UPON UNSATISFIED JUDGMENT  
DEBT OF UNDERCAPITALIZED LLC

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COMPLAINT TO PIERCE THE CORPORATE VEIL UPON  
UNSATISFIED JUDGMENT DEBT OF UNDERCAPITALIZED LLC

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Plaintiff, Adam Piaquadio, by attorney, Matthew L. Lindsay, and for his complaint against Defendants, alleges upon information and belief:

1. Plaintiff was a resident of the State of Arkansas, County of Crawford, at the time of the filing of this original proceeding.

2. Defendant, AMERICAN LEGAL FUNDING, L.L.C. is an Arizona Limited Liability Company with its principal place of business at 17700 N. Pacesetter Way #104, Maricopa County, Scottsdale, Arizona. Defendant, AMERICAN LEGAL FUNDING, L.L.C. is a member and manager of AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C., an Arizona Limited Liability Company with its principal place of business at 17700 N. Pacesetter Way #104, Maricopa County, Scottsdale, Arizona 85255.

3. Defendant, ALFUND, AZ1, L.L.C. is an Arizona Limited Liability Company with its principal place of business at 17700 N. Pacesetter Way #104, Maricopa County, Scottsdale, Arizona 85255.

4. Defendant, AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. is an Arizona Limited Liability Company with its principal place of business at 17700 N. Pacesetter Way #104, Maricopa County, Scottsdale, Arizona. Defendant, AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. is a member and manager of ALFUND, AZ1, L.L.C., an Arizona Limited Liability Company with its principal place of business at 17700 N. Pacesetter Way #104, Maricopa County, Scottsdale, Arizona 85255.

5. Defendant, C. Jeffrey Huff, is a citizen and resident of Maricopa County, Arizona. Defendant C. Jeffrey Huff is a member and the president of AMERICAN LEGAL FUNDING L.L.C, an Arizona Limited Liability Company with its principal place of business at 17700 N. Pacesetter Way #104, Maricopa County, Scottsdale, Arizona 85255.

6. Defendant ALANEX LLC is an Arizona Limited Liability Company with its principal place of business at 204 N. Mt. Vernon, Prescott, Arizona. Defendant ALANEX LLC is a member of AMERICAN LEGAL FUNDING L.L.C, an Arizona Limited Liability Company with its principal place of business at 17700 N. Pacesetter Way #104, Maricopa County, Scottsdale, Arizona 85255.

7. Defendants John Does 1-50 are other members of Defendant ALFUND, AZ1, L.L.C., John Does 1-50, whether individual, corporate, associate or otherwise, are unknown to Plaintiff, who therefore sues said defendants by such fictitious names.

8. Jurisdiction and Venue are proper based on diversity of citizenship and the fact all Defendants are either Limited Liability Companies that have had Judgment entered against them by this Court or are members of Limited Liability Companies that have had Judgment entered against them by this Court.

Factual Background

9. On or about April 16, 2010, Plaintiff filed a Complaint against Defendants AMERICAN LEGAL FUNDING L.L.C. and ALFUND, AZ1, L.L.C. for usurious lending and a violation of the Arkansas Deceptive Trade Practices Act in the United States District Court, Western District of Arkansas, Fort Smith Division.

10. On June 30, 2011, a judgment in the amount of \$452,940.00 was rendered in favor of Plaintiff against AMERICAN LEGAL FUNDING L.L.C. and ALFUND, AZ1, L.L.C. A copy of the judgment is attached hereto as Exhibit 1. That judgment was duly docketed and the judgment roll duly filed in the office of the clerk of the Western District of Arkansas on June 30, 2011. That judgment is still in full force and effect and has not been modified, vacated, or reversed.

11. No part of the aforesaid judgment has been satisfied by AMERICAN LEGAL FUNDING L.L.C. and ALFUND, AZ1, L.L.C.

12. On or about June 20, 2013, Plaintiff served Discovery in Aid of Execution on Defendants AMERICAN LEGAL FUNDING L.L.C. and ALFUND, AZ1, L.L.C. (copies attached as Exhibit 2).

13. On or about August 19, 2013, Defendant E. Jeffrey Huff as president of AMERICAN LEGAL FUNDING L.L.C. and Authorized Representative of ALFUND, AZ1, L.L.C., on behalf of the Limited Liability Companies, served his sworn answers to Plaintiff's Discovery in Aid of Execution (copies attached as Exhibit 3).

14. The responses of AMERICAN LEGAL FUNDING L.L.C. and ALFUND, AZ1, L.L.C. to the Discovery in Aid of Execution reveal that:

- a) The value of the bank accounts of AMERICAN LEGAL FUNDING L.L.C. and ALFUND, AZ1, L.L.C.'s is \$3.80. Both accounts are owned by ALFUND, AZ1, L.L.C.

- b) Neither AMERICAN LEGAL FUNDING L.L.C. nor ALFUND, AZ1, L.L.C. owns any residential or commercial property.
- c) Neither AMERICAN LEGAL FUNDING L.L.C. nor ALFUND, AZ1, L.L.C. has had personal property assessments since June 30, 2011.
- d) Neither AMERICAN LEGAL FUNDING L.L.C. nor ALFUND, AZ1, L.L.C. owns any vehicles.
- e) Neither AMERICAN LEGAL FUNDING L.L.C. nor ALFUND, AZ1, L.L.C. owns any stocks, bonds, trusts, or other investments.
- f) AMERICAN LEGAL FUNDING, L.L.C. represents that its tax return only concerns the earnings of AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. which is wholly owned by AMERICAN LEGAL FUNDING L.L.C.

15. AMERICAN LEGAL FUNDING L.L.C. and ALFUND, AZ1, L.L.C. are defunct entities which cannot pay their debts.

AMERICAN LEGAL FUNDING L.L.C.

16. AMERICAN LEGAL FUNDING L.L.C. has been stripped of its assets, in that the assets of AMERICAN LEGAL FUNDING L.L.C. either have been appropriated for the personal use of E. Jeffrey Huff and ALANEX LLC, or have been used by E. Jeffrey Huff, ALANEX LLC, to create a new business.

17. AMERICAN LEGAL FUNDING L.L.C. was never adequately capitalized to engage in the business for which it was formed.

18. From the time of its formation, AMERICAN LEGAL FUNDING L.L.C. was undercapitalized with the intent of avoiding obligations bound to arise as a result of its operations.

19. Defendants E. Jeffrey Huff and ALANEX LLC. continually drained all income out of AMERICAN LEGAL FUNDING L.L.C. in disregard of the corporate existence of AMERICAN LEGAL FUNDING L.L.C.

20. AMERICAN LEGAL FUNDING L.L.C. failed to adhere to the formalities of Limited Liability Company existence in that it failed to keep adequate records relating to governance of its corporate affairs and accounting of its finances, in that it failed to retain, before distribution to E. Jeffrey Huff, ALANEX LLC, earnings from its operations in an amount sufficient to meet its financial obligations.

21. Defendants E. Jeffrey Huff and ALANEX LLC as the sole members and officers of AMERICAN LEGAL FUNDING L.L.C., completely dominated the limited liability company existence of AMERICAN LEGAL FUNDING L.L.C. in that they organized, managed, and controlled AMERICAN LEGAL FUNDING L.L.C.

22. Defendant E. Jeffrey Huff and ALANEX LLC, conducted the business of AMERICAN LEGAL FUNDING L.L.C. in disregard of their corporate formalities in a manner that suited Defendants E. Jeffrey Huff and ALANEX LLC's own personal convenience.

23. By virtue of the foregoing, AMERICAN LEGAL FUNDING L.L.C. primarily transacted the business of Defendants, E. Jeffrey Huff and ALANEX LLC rather than its own business, and acted as the alter ego of Defendants E. Jeffrey Huff and ALANEX LLC

24. In view of Defendants E. Jeffrey Huff and ALANEX LLC's disregard of the formalities of AMERICAN LEGAL FUNDING L.L.C.'s corporate existence, an adherence to the fiction of such separate corporate existence of AMERICAN LEGAL FUNDING L.L.C. would result in injustice to the Plaintiff.

25. By reason of the foregoing, Defendants E. Jeffrey Huff and ALANEX LLC are personally responsible for AMERICAN LEGAL FUNDING L.L.C.'s aforesaid indebtedness to Plaintiff and are, therefore, personally liable to Plaintiff in the amount of the aforesaid judgment against AMERICAN LEGAL FUNDING L.L.C., to wit, \$452,940.00, together with interest from the date of entry of judgment.

ALFUND, AZ1, L.L.C.

26. ALFUND, AZ1, L.L.C. has been stripped of its assets, in that the assets of ALFUND, AZ1, L.L.C. either have been appropriated for the personal use of Defendant AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50 or have been used by AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50 to create a new business.

27. ALFUND, AZ1, L.L.C. was never adequately capitalized to engage in the business for which it was formed.

28. From the time of its formation, ALFUND, AZ1, L.L.C. was undercapitalized with the intent of avoiding obligations bound to arise as a result of its operations.

29. Defendant AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C., and John Does 1-50 continually drained all income out of ALFUND, AZ1, L.L.C. in disregard of the corporate existence of ALFUND, AZ1, L.L.C.

30. ALFUND, AZ1, L.L.C. failed to adhere to the formalities of Limited Liability Company existence in that it failed to keep adequate records relating to governance of its corporate affairs and accounting of its finances, in that it failed to retain, before distribution to Defendant AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50, earnings from its operations in an amount sufficient to meet its financial obligations.

31. Defendant AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50 completely dominated the limited liability company existence of ALFUND, AZ1, L.L.C. in that they organized, managed, and controlled ALFUND, AZ1, L.L.C.

32. Defendant AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50, conducted the business ALFUND, AZ1, L.L.C. in disregard of its corporate formalities in a manner that suited Defendants AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50's own personal convenience.



33. By virtue of the foregoing, Defendant ALFUND, AZ1, L.L.C. primarily transacted the business of Defendant, AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50, rather than its own business, and acted as the alter ego of Defendants AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50.

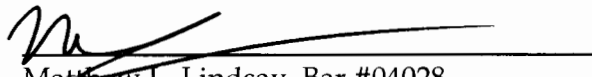
34. In view of AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50's disregard of the formalities of ALFUND, AZ1, L.L.C. corporate existence, an adherence to the fiction of such separate corporate existence of AMERICAN ALFUND, AZ1, L.L.C. would result in injustice to the Plaintiff.

35. By reason of the foregoing, AMERICAN LEGAL FUND MANAGEMENT AZ, L.L.C. and John Does 1-50 are personally responsible for ALFUND, AZ1, L.L.C.'s aforesaid indebtedness to Plaintiff and are, therefore, personally liable to Plaintiff in the amount of the aforesaid judgment against ALFUND, AZ1, L.L.C., to wit, \$452,940.00, together with interest from the date of entry of judgment.

WHEREFORE, Plaintiff prays that the Defendants be ordered to appear and answer the Complaint herein; that the corporate veil be pierced to satisfy debts owed; that Plaintiffs recover costs of suit herein expended and interest at the legal rate on all of the above and that Plaintiffs be awarded such other and further relief, both at law and at equity, to which this Court, in its discretion, may find them to be justly entitled.

PLAINTIFF DEMAND A TRIAL BY JURY.

Respectfully submitted,

  
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